

**LAFAYETTE ASSOCIATION FOR
RETARDED CITIZENS, INC.
Lafayette, Louisiana**

**AUDIT REPORT
June 30, 2008**

**AULD & ASSOCIATES
Certified Public Accountants
112 Fountain Bend Drive
Lafayette, Louisiana 70506
E-mail auldcpa@hotmail.com**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

1/24/09

CONTENTS

	Page
Independent Auditors' Report on the Basic Financial Statements and Additional Information	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	7
Notes to Financial Statements	8
Schedule of Activities by Component	12
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	14
Summary of Prior Year Findings and Management's Corrective Action Plan.....	16

AULD & ASSOCIATES

Certified Public Accountants
112 Fountain Bend Drive
Lafayette, Louisiana 70506

Telephone (337) 984-9717
Fax (337) 984-5544 Toll Free (877) 814-3246
E-Mail: auldepa@hotmail.com

INDEPENDENT AUDITORS' REPORT ON THE BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

The Board of Directors
Lafayette Association for
Retarded Citizens, Inc.
Lafayette, Louisiana

We have audited the accompanying statement of financial position of Lafayette Association for Retarded Citizens, Inc., (a nonprofit organization) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

On May 1, 1979, buildings in existence were restated to appraisal values. In our opinion, assets should be stated at acquisition cost, or if donated, recorded at their fair value at the date of the gift, net of depreciation, to conform with generally accepted accounting principles. The effects of this practice on the financial statements are undetermined.

In our opinion, except for the effects of recording certain buildings at appraisal values, as discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly in all material respects the financial position of Lafayette Association for Retarded Citizens, Inc., as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2008, on our consideration of the Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Lafayette Association for Retarded Citizens, Inc., taken as a whole. The accompanying additional information contained in the schedule of activities by component is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

AULD & ASSOCIATES

A handwritten signature in cursive script, appearing to read "Auld & Associates", written in black ink.

Certified Public Accountants

Lafayette, Louisiana
December 23, 2008

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF FINANCIAL POSITION
June 30, 2008

ASSETS

CURRENT ASSETS

Cash	\$1,879,727	
Accrued Interest Receivable	2,294	
Accounts Receivable (net of allowance for doubtful accounts of \$5,000)	409,768	
Contributions Receivable	7,329	
Due from Foundation for Retarded Citizens, Inc.	1,433	
Inventory	12,694	
Deposits	25,451	
Prepaid Expenses	<u>9,081</u>	
Total Current Assets		\$2,347,777

OTHER ASSETS

Certificates of Deposit		2,287,331
-------------------------	--	-----------

COLLECTIONS (See Note 4)

PLANT ASSETS

Buildings	\$4,038,336	
Furniture and Fixtures	106,777	
Machinery and Equipment	566,716	
Transportation Equipment	560,690	
Land	<u>112,099</u>	
Totals	\$5,384,618	
Less: Accumulated Depreciation	<u>3,553,793</u>	
Total Plant Assets		<u>1,830,825</u>

TOTAL ASSETS

\$6,465,933

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 82,511	
Accrued Payroll and Payroll Taxes	73,965	
Deferred Revenue	<u>7,750</u>	
Total Current Liabilities		\$ 164,226

NET ASSETS

Unrestricted		
Operating	\$4,470,882	
Plant Assets	<u>1,830,825</u>	
Total Net Assets		<u>6,301,707</u>

TOTAL LIABILITIES AND NET ASSETS

\$6,465,933

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2008

		<u>Unrestricted Net Assets</u>
REVENUE AND PUBLIC SUPPORT		
Revenue		
Program Revenues	\$4,833,270	
Interest and Dividend Income	154,884	
Membership Dues	1,175	
Other Revenue	6,710	
Gain on Sale of Assets	<u>10,750</u>	
Total Revenue		\$5,006,789
Public Support		
Contributions	\$ 146,084	
Special Events	<u>363,878</u>	
Total Public Support		<u>509,962</u>
TOTAL REVENUE AND PUBLIC SUPPORT		<u>\$5,516,751</u>
FUNCTIONAL EXPENSES		
Program Services		
Client Development	\$1,819,058	
Housing	1,712,480	
Respite	449,758	
Acadian Village	<u>304,547</u>	
Total Program Services		\$4,285,843
Supporting Services		
Management and General	\$ 586,563	
Fund-raising	<u>185,510</u>	
Total Supporting Services		<u>772,073</u>
TOTAL FUNCTIONAL EXPENSES		<u>\$5,057,916</u>
INCREASE IN NET ASSETS		\$ 458,835
NET ASSETS, BEGINNING OF YEAR		<u>5,842,872</u>
NET ASSETS, END OF YEAR		<u>\$6,301,707</u>

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.

Lafayette, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2008

	PROGRAM SERVICES					SUPPORTING SERVICES		TOTALS
	Client Development	Housing	Respite	Acadian Village	Total Program Services	Management & General	Fund-raising	
Salaries	\$ 981,900	\$ 906,514	\$342,253	\$ 85,796	\$2,316,463	\$338,495	\$43,722	\$2,698,680
Client Salaries	189,782				189,782			189,782
Payroll Taxes	87,868	68,938	25,994	6,483	189,283	25,495	2,741	217,519
Employee Benefits	85,662	51,020	10,105	5,544	152,331	21,706	3,444	177,481
Pension Plan Contribution	7,385	7,458	604	17	15,464	6,803	23	22,290
TOTAL SALARIES & RELATED EXPENSES	\$1,352,597	\$1,033,930	\$378,956	\$ 97,840	\$2,863,323	\$392,499	\$49,930	\$3,305,752
Cost of Goods Sold				25,431	25,431			25,431
Work Activity Expense	34,474				34,474			34,474
Insurance	108,845	89,778	23,105	21,700	243,428	24,380	2,770	270,578
Professional Services	13,987	117,439	479		131,905	31,237		163,142
Utilities & Garbage	36,819	35,011	7,093	19,078	98,001	6,931	94	105,026
Food	10,025	58,345	5,929		74,299			74,299
Supplies	23,770	45,640	6,367	5,355	81,132	14,731	1,570	97,433
Repairs & Maintenance	13,947	39,462	3,128	42,105	98,642	31,090		129,732
Vehicle Repairs & Maintenance	47,683	9,969	954		58,606	1,229		59,835
Fuel	72,128	12,124	787	663	85,702	3,696		89,398
Telephone	6,703	11,257	3,816	5,432	27,208	8,166		35,374
Travel	4,770	4,897	5,898	1,254	16,819	9,553	1,556	27,928
Conferences	2,793	1,067	724	10	4,594	2,087		6,681

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2008

	PROGRAM SERVICES					SUPPORTING SERVICES		TOTALS
	Client Development	Housing	Respite	Acadian Village	Total Program Services	Management & General	Fund-raising	
Taxes & Licenses		185,696	1,200		186,896			186,896
Postage	197	264	738	118	1,317	2,051	242	3,610
Advertising & Marketing	1,459		619	1,964	4,042	2,645	6,437	13,124
Dues & Subscriptions	35	748		445	1,228	6,281	445	7,954
Performers & Concessions				64,817	64,817			64,817
Interest Expense					0	302		302
Equipment Lease	5,974	5,149	1,892		13,015	11,235		24,250
Employee Incentives					0	9,227		9,227
Bank Charges				1,361	1,361	933		2,294
Christmas Program					0		114,996	114,996
Miscellaneous Expense	931	899	1,093	253	3,176	3,951	1,693	8,820
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	\$1,737,137	\$1,651,675	\$442,778	\$287,826	\$4,118,416	\$562,224	\$179,733	\$4,861,373
Depreciation	81,921	60,805	6,980	16,721	166,427	24,339	5,777	196,543
TOTAL FUNCTIONAL EXPENSES	\$1,819,058	\$1,712,480	\$449,758	\$304,547	\$4,285,843	\$586,563	\$185,510	\$5,057,916

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Net Assets	\$ 458,835
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	196,543
Gain on Sale of Assets	(10,750)
Non-Cash Contributions	(10,960)
Proceeds from Sale of Collection Items	
(Increase) Decrease in Operating Assets	
Accrued Interest Receivable	4,683
Accounts Receivable	(19,415)
Contributions Receivable	(644)
Inventory	1,753
Deposits	(25,451)
Prepaid Expenses	(9,081)
Work in Progress	500
Increase (Decrease) in Operating Liabilities	
Accounts Payable	5,795
Accrued Payroll and Payroll Taxes	27,724
Deferred Revenue	<u>(3,750)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 615,782</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale of Assets	\$ 10,750
Proceeds from Sale of Collection Items	
Redemption of Certificates of Deposit	800,000
Purchase of Certificates of Deposit	(886,000)
Payments for Property and Equipment	<u>(240,620)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>\$ (315,870)</u>
NET INCREASE IN CASH	\$ 299,912
CASH AT BEGINNING OF YEAR	<u>1,579,815</u>
CASH AT END OF YEAR	<u>\$1,879,727</u>
SUPPLEMENTAL DISCLOSURES	
Non-Cash Investing and Financing Activities	
Property and Equipment acquired with non-cash contributions	<u>\$ 10,960</u>

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Association administers programs for the benefit of retarded citizens in an eight-parish area of southwest Louisiana. Funding of these programs is primarily from governmental sources. Also, the Association operates Acadian Village, a living museum visited by tourists and used by the community for public events. The Village primarily generates revenue by admission, gift shop sales, and rental of its facilities. The Village employs the clients of the Association to maintain and operate the facility as a part of the work activity programs.

FINANCIAL STATEMENT PRESENTATION

The financial statements of the Association are prepared on the accrual basis of accounting. This means revenues are recognized when earned and expenses are recognized when incurred. Also, the financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*.

PLANT ASSETS

On May 1, 1979, buildings in existence were restated to appraisal values. These assets represent \$260,974 of total plant assets (net of \$1,218,007 in accumulated depreciation). All other plant assets are stated at cost or, if donated, at fair market value at date of receipt. The Association capitalizes all plant assets with a cost, or value if donated, in excess of \$500. Depreciation is calculated on a straight-line basis over estimated useful lives ranging from four to thirty years. Depreciation expense for assets valued at appraisal value is \$5,068 and for assets valued at historical cost is \$191,475. The Association has historical buildings valued at \$284,930 which are exempt from depreciation under SFAS No. 93.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, currency, demand deposits, and repurchase agreements are considered cash.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts through an adjustment to earnings and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

USE OF ESTIMATES

Financial statements are prepared in conformity with generally accepted accounting principles. These principles require management to make estimates and assumptions affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

INCOME TAX STATUS

The Association is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). It is not a private foundation under Section 509(a)(2) of the Internal Revenue Code.

FUNCTIONAL EXPENSE ALLOCATIONS

A summary of the costs of providing various program and supporting services is in the statement of functional expenses. Accordingly, certain costs are allocated between the programs and supporting services benefited.

CONTRIBUTED SERVICES

Many volunteers have donated significant amounts of time to the Association's special events. No amounts are recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

INVENTORY

Inventory of Acadian Village Store merchandise is valued at the lower of cost or market. Cost is determined on the first-in, first-out method.

ADVERTISING COSTS

Advertising costs of \$13,124 were expensed as incurred.

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of an amount due from United Way of Acadiana. This contribution has been collected. Therefore, no allowance for uncollectible pledges has been recorded.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Association maintains cash in several accounts at several local banks. Cash at these institutions exceeded federally insured limits. The amount in excess of federal insurance limits totaled \$1,596,748 at June 30, 2008. One financial institution has pledged \$1,538,600 of U. S. government agency securities as collateral to cover the excess.

Credit risk with respect to accounts receivable is limited because approximately 90% of the balances are receivable from governmental sources.

NOTE 4 - COLLECTIONS

The collection consists of a diorama depicting the ceremony claiming Louisiana for France, constructed by the artist Robert Dafford. The Association elects not to capitalize its collection.

NOTE 5 - CHANGE IN ACCOUNTING ESTIMATE

The useful lives of several depreciable assets were changed during the year ended June 30, 1998. The effect of these changes was to increase depreciation expense and thereby decrease net assets by \$13,684 for the current year.

NOTE 6 - LABOR UNION

Approximately sixty-six (66%) of employees are covered by a collective bargaining agreement with Local 100, Service Employees International Union of the AFL-CIO (the Union). The collective bargaining agreement expires October 31, 2009. In the Association's opinion, the collective bargaining agreement will have no material adverse effect on operations.

NOTE 7 - RISKS AND UNCERTAINTIES

The State of Louisiana is the primary source of revenue for the Association. In the future, financial problems of the State of Louisiana may result in reduced funding. It is possible certain programs may be severely affected by these declining revenues. However, management believes changes can be incorporated into the continuing operations without a catastrophic result.

NOTE 8 - GIFTS OF FUTURE INTERESTS

Certain individuals have named the Association as a charitable beneficiary to their estate. In some cases, restrictions apply to the use of these future funds. However, the Association has no future guarantee to the use or access of these assets. The Association's right as a beneficiary, and the economic value, is subject to potential change.

NOTE 9 - EMPLOYEE BENEFIT PLAN

The Association maintains a qualified defined contribution profit sharing plan with a 401(k) deferred compensation provision. All employees who are at least 21 years of age and have completed one year of service including a minimum of 1,000 hours of service are eligible to participate in the plan. The plan provides for partial vesting of employer contributions after two years and full vesting after four years of service. Employee contributions are 100% vested. Employees may contribute up to 15% of their pretax income. The Association's contribution is discretionary and is determined annually by the Board of Directors. A discretionary contribution of \$20,665 was made for the year ended June 30, 2008.

NOTE 10 - LEASES

The Association leases four copiers and a mailing system under operating leases expiring between October, 2009, and March, 2012. In the normal course of business, operating leases are generally renewed or replaced by other leases. Total lease expense for the year ended June 30, 2008, is \$24,250.

Minimum future rental payments under noncancelable operating leases for each of the next five years and in the aggregate are:

Year Ending June 30, 2009	\$19,330
Year Ending June 30, 2010	17,878
Year Ending June 30, 2011	15,921
Year Ending June 30, 2012	9,568
Year Ending June 30, 2013	-0-
Total minimum future rental payments	<u>\$62,697</u>

NOTE 11 - RELATED PARTY TRANSACTIONS

The Association received contributions totaling \$22,290 from the Foundation for Retarded Citizens, Inc. The Foundation was established to receive, invest, and distribute funds in furtherance of the purposes of LARC. The membership of the Foundation for Retarded Citizens is comprised of LARC's Board of Directors. The Foundation's Board of Directors includes LARC's Board President and Treasurer and three members of the community appointed by LARC's Board of Directors.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana

SCHEDULE OF ACTIVITIES BY COMPONENT
For the Year Ended June 30, 2008

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTALS
	Client Development	Housing	Respite	Acadian Village	Total Program Services	Management & General	Fund-raising		
REVENUE & SUPPORT									
Program Revenue	\$1,756,616	\$2,271,404	\$546,223	\$259,027	\$4,833,270			\$4,833,270	
Christmas Program							\$363,878	363,878	
Other	52,888	33,199	604	45,082	131,851	\$187,752		319,603	
TOTAL REVENUE & SUPPORT	\$1,809,602	\$2,304,603	\$546,827	\$304,089	\$4,965,121	\$187,752	\$363,878	\$5,516,751	
EXPENSES									
Salaries	\$ 981,900	\$ 906,514	\$342,253	\$ 85,796	\$2,316,463	\$338,495	\$ 43,722	\$2,698,680	
Client Salaries	189,782				189,782			189,782	
Payroll Taxes	87,868	68,938	25,984	6,483	189,283	25,495	2,741	217,519	
Employee Benefits	85,662	51,020	10,105	5,544	152,331	21,706	3,444	177,481	
Pension Plan Contribution	7,385	7,458	604	17	15,464	6,803	23	22,290	
Cost of Goods Sold				25,431	25,431			25,431	
Work Activity Expense	34,474				34,474			34,474	
Insurance	108,845	89,778	23,105	21,700	243,428	24,380	2,770	270,578	
Professional Services	13,987	117,439	479		131,905	31,237		163,142	
Utilities & Garbage	36,819	35,011	7,093	19,078	98,001	6,931	94	105,026	
Food	10,025	58,345	5,929		74,299			74,299	
Supplies	23,770	45,640	6,387	5,355	81,132	14,731	1,570	97,433	
Repairs & Maintenance	13,947	39,462	3,128	42,105	98,642	31,090		129,732	
Vehicle Repairs & Maintenance	47,683	9,969	954		58,606	1,229		59,835	

See accountants' report and accompanying notes to financial statements.

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.

Lafayette, Louisiana

SCHEDULE OF ACTIVITIES BY COMPONENT

For the Year Ended June 30, 2008

	PROGRAM SERVICES					SUPPORTING SERVICES			TOTALS
	Cilent Development	Housing	Respite	Acadian Village	Total Program Services	Management & General	Fund-raising		
Fuel	72,128	12,124	787	663	85,702	3,696		89,398	
Telephone	6,703	11,257	3,816	5,432	27,208	8,166		35,374	
Travel	4,770	4,897	5,898	1,254	16,819	9,553	1,556	27,928	
Conferences	2,793	1,067	724	10	4,594	2,087		6,681	
Taxes & Licenses		185,896	1,200		186,896			186,896	
Postage	187	264	738	118	1,317	2,051	242	3,610	
Advertising & Marketing	1,459		619	1,964	4,042	2,645	6,437	13,124	
Dues & Subscriptions	35	748		445	1,228	6,281	445	7,954	
Performers & Concessions				64,817	64,817			64,817	
Interest Expense				0	0	302		302	
Equipment Lease	5,974	5,149	1,892		13,015	11,235		24,250	
Employee Incentives				0	0	9,227		9,227	
Bank Charges				1,361	1,361	933		2,294	
Christmas Program				0	0		114,996	114,996	
Miscellaneous Expense	931	899	1,083	253	3,176	3,951	1,693	8,820	
Depreciation	81,921	60,805	6,980	16,721	166,427	24,339	5,777	196,543	
TOTAL EXPENSES	\$1,819,058	\$1,712,480	\$449,758	\$304,547	\$4,285,843	\$ 586,563	\$185,510	\$5,057,916	
INCREASE (DECREASE) IN NET ASSETS	\$ (9,456)	\$ 592,123	\$ 97,069	\$ (458)	\$ 679,278	\$(398,811)	\$178,368	\$ 458,935	

See accountants' report and accompanying notes to financial statements.

AULD & ASSOCIATES

**Certified Public Accountants
112 Fountain Bend Drive
Lafayette, Louisiana 70506**

**Telephone (337) 984-9717
Fax (337) 984-5544 Toll Free (877) 814-3246
E-Mail: auldcpa@hotmail.com**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Lafayette Association for
Retarded Citizens, Inc.
Lafayette, Louisiana

We have audited the financial statements of Lafayette Association for Retarded Citizens, Inc., (a nonprofit organization) as of and for the year ended June 30, 2008, and have issued our report thereon, dated December 23, 2008. In our report, our opinion was qualified because certain assets are recorded at appraisal value. Further explanation is in the third paragraph of our report on the financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the association's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the association's financial statements that is more than inconsequential will not be prevented or detected by the association's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the association's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described below.

2008-1. **FINDING:** *The Association did not file its audited financial statements within the time frame required by State Law.*

RECOMMENDATION: The Association should comply with State Law.

MANAGEMENT'S RESPONSE: The Association will file its audited financial statements within the time frame required by State Law.

The Association's response to the finding identified in our audit is described above. We did not audit the Association's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors and Management of Lafayette Association for Retarded Citizens, Inc., applicable state and federal agencies, and the Louisiana Legislative Auditor. This report is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

AULD & ASSOCIATES



Certified Public Accountants

Lafayette, Louisiana
December 23, 2008

LAFAYETTE ASSOCIATION FOR RETARDED CITIZENS, INC.
Lafayette, Louisiana
SUMMARY OF PRIOR YEAR FINDINGS
AND MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2008

1979-1. Buildings are recorded at appraisal values.

CONDITION: Certain buildings were restated to appraisal values on May 1, 1979. Generally accepted accounting principles require assets to be stated at acquisition cost, or if donated, recorded at their fair value at the date of gift. This situation requires a qualification in the audit report.

RECOMMENDATION: This qualification should continue until the appraised assets are disposed.

CURRENT STATUS OR ACTION TAKEN: At this time, management has no plans to take corrective action. It is unreasonable to sell the appraised buildings as they are an essential part of the Association's operations.